LAFAYETTE METRO NARCOTICS TASK FORCE

Financial Report

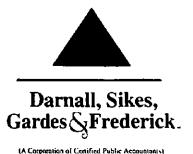
Year Ended December 31, 2010

Under provisions of state law, this report is a public document Acopy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/3/11

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INDEPENDENT AUDITOR'S REPORT

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The Board of Directors Lafayette Metro Narcotics Task Force Lafayette, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lafayette Metro Narcotics Task Force, as of and for the year ended December 31, 2010, which collectively comprise of the Lafayette Metro Narcotics Task Force's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lafayette Metro Narcotics Task Force's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lafayette Metro Narcotics Task Force, as of December 31, 2010, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated June 6, 2011, on our consideration of the Lafayette Metro Narcotics Task Force's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Lafayette Metro Narcotics Task Force financial statements as a whole. The accompanying financial information listed as "Supplementary Information" is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Lafayette Metro Narcotics Task Force. Such information has been subjected to the auditing procedures applied in the audit of these financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Management's Discussion and Analysis on pages 3 through 6, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Davnall, Sikes, Gardes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana June 6, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2010

As management of the Lafayette Metro Narcotics Task Force, we offer readers of the Lafayette Metro Narcotics Task Force's financial statements this narrative overview and analysis of the financial activities of the Task Force for the fiscal year ended December 31, 2010.

Financial Highlights

- The assets of the Lafayette Metro Narcotics Task Force exceeded its liabilities at the close of the fiscal year ended December 31, 2010, by \$443,800 (net assets). Of this amount, \$384,286 (unrestricted net assets) may be used to meet the Task Force's ongoing obligations to creditors.
- As of the close of the current fiscal year, the Task Force's governmental funds reported combined ending fund balances of \$431,786 a decrease of \$40,663. Of this amount, \$384,286 is available for spending at the government's discretion (unreserved fund balance) for future general government expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Lafayette Metro Narcotics Task Force's basic financial statements. The Task Force's basic financial statements are comprised of three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The Government-wide Financial Statements are designed to provide readers with a broad overview of the Task Force's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Task Force's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Task Force is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that may result in cash flows in future fiscal periods.

The Government-wide Financial Statements distinguish functions of the Lafayette Metro Narcotics Task Force that are principally supported by forfeitures, restitutions, and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through charges (business-type activities).

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2010

The governmental activities of the Task Force include general government expenses incurred in the Task Force's mission of facilitating investigations and analytical studies of controlled substances and, when necessary under lawful rules, take into custody all persons accused of committing criminal violations with the emphasis on controlled substances. The Task Force had no business-type activities to report.

The Government-wide Financial Statements can be found on pages 7 and 8 of this report. The Governmental Fund Financial Statements can be found on pages 9 and 10 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Lafayette Metro Narcotics Task Force, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Task Force are governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Task Force maintains one individual governmental fund. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the general fund.

The Lafayette Metro Narcotics Task Force adopts an annual budget for its general fund. A budgetary comparative statement has been provided for the general fund to demonstrate compliance with this budget.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the *Government-wide and Fund Financial Statements*. The notes to the financial statements can be found on pages 13 through 20 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Lafayette Metro Narcotics Task Force, assets exceeded liabilities by \$443,800 at the close of the most recent fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2010

The largest portion of the Task Force's net assets (75%) reflects its cash and interest-bearing deposits.

Net Assets

	Government	Government Activities	
	<u> 2010</u>	2009	
Current and other assets	\$433,464	\$484,721	
Noncurrent assets	\$17,014	\$22,159	
Total assets	\$450,478	\$506,880	
Other liabilities	\$6,678	\$17,272	
Total liabilities	\$6,678	\$17,272	
Net Assets:			
Invested in capital assets	\$12,014	\$17,159	
Restricted for prepaid expenses	\$47,500	\$51,306	
Unrestricted	\$384,286	\$421,143	
Total Net Assets	\$443,800	\$489,608	

At the end of the current fiscal year, the Task Force is able to report a positive balance in net assets. The same is true for the prior fiscal year.

Governmental activities. Governmental activities decreased the Task Force's net assets by \$45,808. Key elements of this decrease are as follows:

Changes in Net Assets

	Government Activities		
	2010	2009	
Revenues:			
General Revenues:			
Forfeitures	\$64,632	\$39,560	
Restitution	\$5,436	\$9,828	
Intergovernmental	\$80,000	\$80,000	
Interest	\$1,404	\$1,692	
Miscellaneous	\$26	\$0	
Total Revenues	\$151,498	\$131,080	
Expenses:			
General government	\$197,306	\$206,888	
Change in net assets	(\$45,808)	(\$75,808)	
Net assets - beginning	\$489,608	\$565,416	
Net assets - ending	\$443,800	\$489,608	

 General Government revenues increased by \$20,418, while General Government expenses decreased by \$9,582.

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2010

Financial Analysis of Government's Funds

As noted earlier, the Lafayette Metro Narcotics Task Force uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Task Force's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Task Force's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Lafayette Metro Narcotics Task Force's Governmental Fund (General Fund) reported combined ending fund balances of \$431,786, a decrease of \$40,663 in comparison with the prior year. Of this amount, \$384,286 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is already committed.

As a measure of the general funds liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. The unreserved fund balance and total fund balance represent approximately 200 and 225 percent of total general fund expenditures, respectively.

Capital Asset Administration

Capital assets. The Lafayette Metro Narcotics Task Force's investment in capital assets for its governmental activities as of December 31, 2010 amounts to \$12,014 (net of accumulated depreciation). This investment in capital assets includes computers, police equipment and leasehold improvements.

There was \$825 of capital assets added during the current fiscal year.

Additional information on the Lafayette Metro Narcotics Task Force's capital assets can be found in Note 1 on page 15 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Lafayette Metro Narcotics Task Force's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Keith Sibille, CFO, Lafayette Metro Narcotics Task Force, P.O. Box 60309, Lafayette, Louisiana, 70596-0309.

Statement of Net Assets December 31, 2010

ASSETS	
Current assets:	
Cash	\$ 29,000
Interest-bearing deposits, at cost	304,801
Receivables -	
Due from other governmental agencies	57,163
Prepaid insurance	37,500
Prepaid rent	5,000
Total current assets	433,464
Noncurrent assets:	
Capital assets, net of accumulated depreciation	12,014
Security deposit	5,000
Total noncurrent assets	17,014
Total assets	<u>\$ 450,478</u>
1 A DR PRING	
LIABILITIES	
Current liabilities:	
Accounts payable	<u>\$ 6,678</u>
Total liabilites	<u>6,678</u>
NET ASSETS	
Invested in capital assets	12,014
Restricted	
Prepaid insurance	37,500
Prepaid rent	5,000
Security deposit	5,000
Unrestricted	<u> 384,286</u>
Total net assets	<u>\$ 443.800</u>

Statement of Activities For the Year Ended December 31, 2010

		Program Revenues	Revenu in	t (Expense) le and Changes Net Assets
Functions/Programs	Expenses	Charges		vernmental Activities
Government Activities:				
General government	<u>\$ 197,306</u>		\$	(197,306)
Total governmental activities	197,306			(197,306)
Genera	il revenues:			
Forfe	eitures			64,632
Rest	itution			5,436
Inter	governmental			80,000
Inter	•			1,404
Misc	ellaneous			26
To	tal general revenues		· ·	151,498
	Change in net assets			(45,808)
	ets-beginning			<u>489,608</u>
	ets-ending		\$	443,800

Balance Sheet - Governmental Fund December 31, 2010

	Ge	eneral Fund	Gov	Total remmental Funds
ASSETS				
Cash Interest-bearing deposits, at cost Receivables -	\$	29,000 304,801	\$	29,000 304,801
Due from other governmental agencies Prepaid insurance Prepaid rent Security deposit		57,163 37,500 5,000 5,000		57,163 37,500 5,000 5,000
Total assets LIABILITIES AND FUND EQUITY	\$	438,464	<u>\$</u>	438,464
Liabilities: Accounts payable Total liabilities	<u>\$</u>	6,67 <u>8</u>	\$	6,678 6,678
Fund balance - Reserved Unreserved, undesignated Total fund balance Total liabilities and fund equity	<u></u>	47,500 384,286 431,786	_	47,500 384,286 431,786
Amounts reported for governmental activities in the state assets are different because:	tement			
Capital assets used in governmental activities are not resources and, therefore, are not reported in the fund		ial		12,014
Net assets of governmental activities			<u>\$</u>	443,800

Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Fund Type - General Fund Year Ended December 31, 2010

Revenues:	
Forfeitures	\$ 64,632
Restitution	5,436
Intergovernmental revenues -	
City of Lafayette	40,000
Lafayette Parish Sheriff	40,000
Interest	1,404
Miscellaneous	26
Total revenues	151,498
Expenditures:	
Current -	
Public safety:	
Liability insurance	53,806
Building lease	60,000
Maintenance	1,200
Office	6,955
Uniforms	1,295
Utilities	14,173
Investigations	22,748
Employee drug testing	906
Training	8,924
Mobile telephones	10,160
Canine	1,054
Supplies and small equipment	4,66 5
Professional fees	5,450
Capital Outlay	
Équipment	<u>825</u>
Total expenditures	<u> 192,161</u>
Excess of expenditures over revenues	(40,663)
Fund balance, beginning	472,449
Fund balance, ending	<u>\$ 431,786</u>

Reconciliation of the Statement of Revenues, Expenditures, And Changes in Fund Balance of Governmental Funds To the Statement of Activities For the Year Ended December 31, 2010

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances-total governmental funds	\$ (40,663)
Governmental funds report capital outlays as expenditures.	•
However, in the statement of activities the cost of those	
assets is allocated over their estimated useful lives and	
reported as depreciation expense. This is the amount	
by which capital outlay exceeded depreciation in the	
related items.	<u>(5,145)</u>
Changes in net assets of governmental activities	\$ (45,808)

Statement of Revenues, Expenditures, and Changes in Fund Balance -Budget and Actual - General Fund Year Ended December 31, 2010

		Amounts		Variance with Final Budget- Favorable
n	Original	<u>Final</u>	Actual	(Unfavorable)
Revenues:		* ** ***	0 (4 (00	A 2.522
Forfeitures	\$ 60,000	\$ 62,000	\$ 64,632	\$ 2,632
Restitution	10,000	4,800	5,436	636
Intergovernmental revenues	130,000	80,000	80,000	-
Interest	1,500	575	1,404	829
Miscellaneous	<u> </u>		26	26
Total revenues	<u>201,500</u>	147,375	<u>151,498</u>	4,123
Expenditures:				
Current -				
Public safety:				
Equipment rent	500	500	-	500
Vehicle rental	400	400	-	400
Liability insurance	60,000	55,000	53,806	1,194
Building lease	60,000	57,000	60,000	(3,000)
Maintenance	7,000	7,000	1,200	5,800
Office	4,700	6,700	6,955	(255)
Uniforms	750	1,250	1,295	(45)
Utilities	12,000	15,000	14,173	827
Investigations	18,000	21,600	22,748	(1,148)
Employee drug testing	1,000	1,600	906	694
Training	9,000	9,000	8,924	76
Mobile telephones	15,000	11,000	10,160	840
Canine	1,500	1,500	1,054	446
Supplies and small equipment	7,250	7,750	4,665	3,085
Towing and storage	300	300	-	300
Professional fees	6,000	6,000	5,450	550
Capital outlay -				
Equipment	5,000	5,000	<u>825</u>	4,175
Total expenditures	<u>208,400</u>	206,600	<u>192,161</u>	14,439
Excess of revenues				
over expenditures	(6,900)	(59,225)	(40,663)	18,562
Fund balance, beginning	472,449	472,449	472,449	
Fund balance, ending	<u>\$465.549</u>	\$413.224	\$431.786	<u>\$ 18.562</u>

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lafayette Metro Narcotics Agency was formed by a joint powers agreement entered into on November 17, 1988, between the City of Lafayette, the University of Southwestern Louisiana, the District Attorney of the Fifteenth Judicial District, and the Lafayette Parish Sheriff. The entity's primary responsibility was to perform investigations and analytical studies of controlled substances and, when necessary under lawful rules, take into custody all persons accused of committing criminal violations with the emphasis on controlled substances.

The Lafayette Metro Narcotics Agency was terminated on October 5, 2000, through an agreement between the Lafayette City-Parish Consolidated Government, the University of Louisiana at Lafayette (formally known as the "University of Southwestern Louisiana"), the District Attorney for the Fifteenth Judicial District, and the Sheriff of Lafayette Parish. The Lafayette Metro Narcotics Task Force (Task Force) was formed by a joint powers agreement entered into on October 5, 2000, between the Lafayette City-Parish Consolidated Government and the Lafayette Parish Sheriff's Department. The Task Force's primary responsibility is to continue the elimination of illegal controlled substance activities that presently exist within Lafayette Parish as previously implemented by the Lafayette Metro Narcotics Agency.

The accounting and reporting policies of the Task Force conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513, as well as any applicable requirements set forth by <u>Audits of State and Local Governmental Units</u>, the industry audit guide issued by the American Institute of Certified Public Accountants; and the <u>Louisiana Governmental Audit Guide</u>.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity

For financial reporting purposes, the Task Force includes all funds and account groups, activities, et cetera, that are controlled by the Task Force. The Task Force is solely responsible for the operations of its office, which includes authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the Task Force's office that are paid or provided by the members of the joint agreement, the Task Force is financially independent. Accordingly, the Task Force is a separate governmental reporting entity. Certain units of local government, over which the Task Force exercises no oversight responsibility, such as the parish officials and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Task Force.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the non-fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Forfeitures and other revenues are reported as *general revenues*.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Earned grant revenues and other intergovernmental revenues, and interest on investments are considered susceptible to accrual.

The Task Force reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Task Force reports all revenues as general revenues.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Donated assets are immaterial.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

Asset	<u>Years</u>
Police equipment	5-7
Computer equipment	3-5
Leasehold improvement	2

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Forfeited Assets

The Task Force acquires various assets which are forfeited by defendants in accordance with judgments rendered by the courts in certain drug-related cases. It is the policy of the agency to sell all forfeited assets and record the proceeds as revenue at the time of the sale. At December 31, 2010, the Task Force has numerous assets which have not been sold and are not reported in the accompanying general purpose financial statements.

Budget and Budgetary Accounting

The Task Force follows these procedures in establishing the budgetary data reflected in the financial statements:

Notes to Financial Statements

NOTE I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget and Budgetary Accounting (Continued)

- 1) The controller prepares a proposed budget and submits it to the Board of Directors for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
- 2) The proposed budget is made available for public inspection.
- 3) The budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
- 4) All budgetary appropriations lapse at the end of each fiscal year.
- 5) The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Board.

Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market.

Fund Balance

Reserves represent those portions of fund balance not appropriable for expenditures or legally segregated for a specific use.

The reserve was created to represent the portion of fund balance that is not available for expenditures within the next budgetary period.

Vacation, Sick Leave, and Pension Plan

The Task Force had no employees during the year ended December 31, 2010; therefore, it did not have a policy on vacation and sick leave, nor did it have a pension plan.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Task Force as an extension of formal budgetary integration in the funds.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management has evaluated subsequent events through June 6, 2011, the date the financial statements were available to be issued.

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statements of net assets.

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net assets. The \$12,014 difference is due to capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds.

NOTE 3 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$(5,145) difference are as follows:

Depreciation expense	\$ (5,970)
Capital outlay	825_
Net adjustment to increase net changes in	
Fund balances-total governmental funds	
To arrive at changes in net assets of governmental	
activities	\$ (5,145)

LAFAYETTE METRO NARCOTICS TASK FORCE

Lafayette, Louisiana

Notes to Financial Statements

NOTE 4 CASH AND INTEREST-BEARING DEPOSITS

Under state law, the Task Force may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Task Force may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Included in total cash and interest-bearing deposits of \$333,801, is \$29,000, which is held by the Task Force for use in drug-related investigations. At December 31, 2010, the Task Force has cash and interest-bearing (book balances) totaling \$333,801, as follows:

Cash	\$ 29,000
Interest-bearing deposits	304,801
	\$ 333,801

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2010, are secured at follows:

Bank balances	<u>\$ 305,250</u>
Federal deposit insurance Pledged Securities (Category 3)	\$ 250,000 412,119
Total federal insurance and pledged securities	\$ 662,119

The deposits of the Task Force are also included in the securities pledged (Category 3) on behalf of the Lafayette Parish Sheriff Department. Pledged securities in Category 3 include uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Task Force's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Task Force that the fiscal agent has failed to pay deposited funds upon demand.

Notes to Financial Statements

NOTE 5 DUE FROM OTHER GOVERNMENTAL AGENCIES

The Task Force has amounts due from other governmental agencies at December 31, 2010, as follows:

District Attorney Lafayette City-Parish Consolidated Government	\$17,163 <u>40,000</u>	
Total	\$57.163	

NOTE 6 CAPITAL ASSETS

The following presentation restates capital assets from the general fixed asset account group at December 31, 2010:

	Police and	
	Computer	
	<u>Equipment</u>	Total
Cost at December 31, 2009	\$ 220,929	\$ 220,929
Additions	825	825
Deletions	(56,097)	(56,097)
Cost at December 31, 2010	165,657	165,657
Depreciation:		
Accumulated depreciation, December 31, 2009	203,770	203,770
Additions	5,970	5,970
Deletions	(56,097)	(56,097)
Accumulated depreciation, December 31, 2010	153,643	<u> 153,643</u>
Capital assets, net of depreciation, at		
December 31, 2010	<u>\$ 12,014</u>	\$ 12,014

NOTE 7 EXPENDITURES OF THE TASK FORCE'S OFFICE PAID BY THE MEMBERS OF THE JOINT AGREEMENT

The Task Force's deputies are employees of and the vehicles used are owned by the Lafayette Parish Sheriff or the Lafayette City-Parish Consolidated Government. All related expenses are paid by these two governmental bodies. Accordingly, these expenses are not included in the accompanying general purpose financial statements.

Notes to Financial Statements

NOTE 8 BOARD MEMBERS

During the year ended December 31, 2010, the following individuals served on the Board of Directors and received no compensation:

Michael Neustrom Art Lebreton Ted Vincent Keith Sibille

NOTE 9 LITIGATION AND CLAIMS

The Task Force is, from time to time, involved in lawsuits arising in the ordinary course of its business that, in the opinion of management, will not have a material effect on the Task Force's results of operations.

NOTE 10 OPERATING LEASE

The Task Force leases office space in Lafayette, Louisiana under a two year lease with the option to extend the term for an additional one to three years. The lease began on February 10, 2009 with payments of \$5,000 per month through January 1, 2011. The lease has been extended for a three year term ending in February 2014.

Future minimum lease payments required under this lease are as follows:

	_	
Total	\$	185,000
2014	_	5,000
2013		60,000
2012		60,000
2011	2	60,000

SUPPLEMENTARY INFORMATION

INTERNAL CONTROL

AND

COMPLIANCE



(A Corporation of Certified Public Accountants)

Eugene H. Dainall, CPA, Deceased 2009

h. Larry Sikes, CPA/PFS, CVA, CFPDanny P, Frederick, CPA
Cluyion B, Dornalt, CPA, CVA
Eugene II, Darnalt, III, CPA
Stephanie M, Higginbutham, CPA
John P, Armsto, CPA/PFS
A, Stophen Gardes, CPA, CVA
Jennifer S, Ziegler, CPA, CFPChris A, Miller, CPA, CFA
Steven G, Moosn, CPA
M, Rebecca Gardes, CPA
M, Rebecca Gardes, CPA
Pamela Mayeux Bonin, CPA, CVA
Joan B, Moody, CPA
Erich G, Loewer, III, CPA, M, S, Tax
Lauren V, Hebert, CPA/PFS
Barbara Ann Watts, CPA
Craig C, Babinenux, CPA/PFS, CFPJetemy C, Menns, CPA

Kathleen T. Darnall, CPA
Dustin B. Baudin, CPA, MBA
Kevin S. Young, CPA
Adam I. Curry, CPA
Chad M. Bailey, CPA
Carol C. Guillory, CPA
Christy S. Dew, CPA
Cacelia A. Hoyt, CPA
Bloine M. Crochet, CPA, M.S.
Rachel W. Ashford, CPA
Veronicu L. LeRleu, CPA
Jacob C. Roberio, CPA
S. Luke Sunnier, CPA
Kyle P. Saitzman, CPA
Riise B. Facelheaux, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Lafayette Metro Narcotics Task Force Lafayette, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lafayette Metro Narcotics Task Force as of and for the year ended December 31, 2010, which collectively comprise of the Lafayette Metro Narcotics Task Force's basic financial statements and have issued our report thereon dated June 6, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Lafayette Metro Narcotics Task Force's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lafayette Metro Narcotics Task Force's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lafayette Metro Narcotics Task Force's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiences.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as Item 10-1 in the accompanying schedule of findings and questioned costs to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings and questioned costs to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lafayette Metro Narcotics Task Force's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under <u>Government Auditing Standards</u>.

Lafayette Metro Narcotics Task Force's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Lafayette Metro Narcotics Task Force's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Lafayette Parish Sheriff, and the Lafayette City-Parish Consolidated Government, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Daviall, Sikes, Garden & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana June 6, 2011

Schedule of Prior Year Audit Findings Year Ended December 31, 2010

09-1 Finding: <u>Individual Segregation of Accounting Functions</u>

Due to the small number of accounting personnel, the Task Force did not have

adequate segregation of functions within the accounting system.

Status: This finding is unresolved. See Current Year Finding 10-1.

Schedule of Findings and Questioned Costs Year Ended December 31, 2010

PART I SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the Lafayette Metro Narcotics Task Force's financial statements as of and for the year ended December 31, 2010.

Significant Deficiencies - Financial Reporting

A significant deficiency in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as Item 10-1 in Part 2, and is considered a material weakness.

Material Noncompliance - Financial Reporting

There were no instances of noncompliance material to the financial statements disclosed during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable.

PART 2 FINDINGS RELATING TO AN AUDIT IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

10-1 <u>Individual Segregation of Accounting Functions</u>

Finding:

Due to the small number of accounting personnel, the Task Force did not have adequate segregation of functions within the accounting system.

Recommendation:

Based on the size of the operation and the cost-benefit of additional accounting personnel, it may not be feasible to achieve complete segregation of duties.

Schedule of Findings and Questioned Costs Year Ended December 31, 2010

PART 3 FINDINGS AND QUESTIONED COSTS RELATING TO THE FEDERAL PROGRAMS

This section is not applicable.

Management's Corrective Action Plan Year Ended December 31, 2010

10-1 Based upon the cost-benefit of additional personnel, it may not be feasible to achieve segregation of accounting functions.